

July 3, 2013

John Robb  
Vice President  
San Jose Police Officers' Association (SJPOA)  
1151 North Fourth Street  
San Jose, CA 95112

Re: POA Negotiations/Interest Arbitration

Dear John:

This letter is to re-affirm the City's commitment to reach a negotiated agreement with the POA that includes pay increases for police officers.

Our goal had been to avoid interest arbitration, particularly since the City Charter now places significant legal limitations on what an arbitrator can award. Even though an outside arbitrator is not able to award pay increases this fiscal year, the City and the POA can and should work together to reach a negotiated agreement including pay increases.

The City values and appreciates its police officers and their significant contributions to the safety of San Jose's residents. Because of the fiscal challenges the City has faced, we recognize that the past several years have been difficult for the police department, our officers, and the residents to whom we provide services.

A major issue in these negotiations and interest arbitration has been the 10% wage reduction that all City employees, including police officers, took to help address the City's fiscal situation. The City and the POA are in agreement that it is important to work toward restoring salaries to 2009 levels. However, the City must do so consistent with its fiscal situation and while balancing the need to begin to restore services to our community. Although we cannot do so immediately, the City's goal is to restore the 10% reduction. We can take steps towards achieving that goal by reaching an agreement on pay increases for the next one or two years.

Unlike the POA's last proposal which was withdrawn upon submission of Final Offers in arbitration, the proposal which the City provided to the POA on May 16<sup>th</sup> remains open and on the table until the arbitration decision becomes final.

A copy of the proposal is enclosed.

Here are key elements of the City's proposal:

**Term:** 2 years

**Wages:** 2.5% wage increase in the first year  
2.5% wage increase in the second year. *This will stop prospectively if \$20 million in savings used to fund this increase is not realized.*  
4% non-pensionable retention bonus in the second year.

**Sick Leave Payout:** Previous proposals from the City had eliminated sick leave payout. The City is now proposing for current employees to freeze the hourly rate and sick leave hours available for payout.

The City believes this proposal recognizes the valuable services provided by our police officers while acknowledging the financial challenges that the City has faced over the last several years. The City's offer remains on the table until a final and binding arbitration decision.

If we do not reach an agreement with the POA before the arbitration decision is final, the City remains willing to continue negotiations with the POA in order to reach a negotiated agreement that includes pay increases.

Sincerely,



Jennifer Schembri  
Deputy Director of Employee Relations

Enclosure

c: Alex Gurza, Deputy City Manager  
Jim Unland, SJPOA President



**2013 POA NEGOTIATIONS  
CITY PACKAGE PROPOSAL FOR SETTLEMENT**

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*This proposal is submitted in an attempt to reach a settlement to avoid submission of Last Offers in binding interest arbitration under Charter Section 1111, as amended by Measure V. In the event this proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including reverting back to previous proposals and the addition of proposals that are not included in this package. The City is not dropping any of its existing proposals that may be included in Last Offers under interest arbitration or procedures under the MMBA. If the City and the POA proceed to Last Offers in interest arbitration, the City's wage proposal will not be the proposal contained herein and will be consistent with the limitations under Measure V, including the maximum increases in compensation set forth in Section 1111(g). It is the City's position that the City's proposal exceeds the maximum set forth in Section 1111(g) and would not be able to be awarded by the arbitration board.*

**TERM**

2 year term

**WAGES**

**Year 1:**

2.5% general wage increase

**Year 2:**

2.5% general wage increase. *In the event all or part of the \$20 million savings due to elimination of the Supplemental Retiree Benefit Reserve (SRBR) and the low cost health care plan implementation are not realized through the term of this agreement, the 2.5% general wage increase in Year 2 only will be rolled back prospectively effective the pay period upon notice that the savings will not be realized. The roll back will not be retroactive.*

**Retention Bonus**

4% non-pensionable retention bonus paid in two installments- one in March 2015 (2%) and the other in June 2015 (2%). The 2% in March 2015 will be calculated on the base pay received in the 12 months immediately preceding the bonus date and the 2% in June 2015 will be calculated on the base pay received in the 12 months immediately preceding the bonus date. To qualify for the retention bonus, bargaining unit members must be continuously employed by the City from July 1, 2013 through the date of payment.

**2013 POA NEGOTIATIONS  
CITY PACKAGE PROPOSAL FOR SETTLEMENT**

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**SICK LEAVE PAYOUT- CURRENT EMPLOYEES**

Current Employees: Freeze hourly rate and number of hours to be paid. Hours used after a certain date will come from the new sick leave balance first ("first in, last out") (See Attached)

**SICK LEAVE PAYOUT- NEW EMPLOYEES**

New Employees will not be eligible for a sick leave payout (As Proposed on March 20, 2013)

**OUTSOURCING/CIVILIANIZATION**

Community Service Officers (As Proposed on April 19, 2013)

**TRANSFER POLICIES**

Officer Transfer Policy and Sergeant Transfer Policy (As Proposed on April 19, 2013)

**WEAPONS**

Weapons language changes (As Proposed on April 19, 2013)

**REOPENER**

Notwithstanding any other provision of this Agreement, the parties agree to meet and confer over retirement benefits upon request of either party in the event that the pension modification ballot measure, also known as Measure B, in part or in whole, is declared invalid or otherwise modified or changed by any court of competent jurisdiction or any other administrative process, or by any applicable State or Federal law or regulation.

Negotiations between the City and the POA shall commence within 14 days upon notice from either party that any action referenced in the previous paragraph has occurred. The City and the POA shall negotiate in good faith in an effort to reach a mutual agreement. Applicable impasse dispute resolution procedures shall apply.



## 2013 CITY OF SAN JOSE – POA NEGOTIATIONS

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### CITY PROPOSAL– SICK LEAVE PAYOUT

City Proposed Language:

#### 31.1 Sick Leave Payout

Any employee hired on or after June 23, 2013, shall not be eligible for sick leave payout.

For employees hired on or before June 22, 2013, sick leave payout shall be given to full-time benefited employees who are members of the Federated City Retirement System and the Police and Fire Retirement Plan at the time of retirement or death under one of the following conditions:

##### 31.2.1 Police and Fire Retirement Plan

The employee is a member of the Police and Fire Retirement System and retired under the provisions cited in the plan and credited with at least twenty (20) years of service in this retirement plan or credited with any service prior to a service-connected disability retirement.

##### 31.2.2 Federated City Retirement System

The employee is a member of the Federated City Retirement System and retired under the provisions cited in the plan and credited with at least fifteen (15) years of service in this retirement plan or credited with at least ten (10) years of service prior to a service-connected disability retirement.

##### 31.2.3 Terminated Employee with Vesting Rights

The employee has terminated service with the City in good standing, retained vesting rights in a retirement system according to the provisions of the San Jose Municipal Code and following such termination qualifies for retirement and retires under the provisions cited in the code and has at the time of retirement credit for at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

##### 31.2.4 Death During Service

The estate of any full-time employee who dies while in City service and prior to retirement, even though the employee is not credited with at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

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31.2.5 Effective June 23, 2013, for purposes of sick leave payout, an employee's sick leave balance and hourly rate shall be frozen. This means that an employee will receive no more in sick leave payout after having met the requirements contained herein than they would have been entitled to on June 23, 2013. Any sick leave usage after June 23, 2013, will come first from the sick leave balance accrued after June 23, 2013. An employee will continue to accrue sick leave after June 23, 2013, but it may not be used for sick leave payout purposes.

For example, if an employee's hourly rate is \$40 and their sick leave balance is 1000 hours on June 23, 2013, if they meet eligibility requirements, they shall receive payout of their sick leave balance at the time of retirement using the formula below, but no more than 1000 hours and at an hourly rate of no more than \$40. This will occur even if the employee has subsequently earned more than 1000 hours in sick leave or received a pay increase so that their hourly rate is higher than \$40. In this example, if the employee does not have available sick leave to use that was accrued after June 23, 2013, and uses sick leave and reduces their sick leave balance on June 23, 2013, to 800 hours, they will only be entitled to a sick leave payout of 800 hours, regardless of any sick leave accrued after June 23, 2013.

Payout shall be determined as follows:

31.2.5.1 If a full-time employee at the time of his/her retirement or death has earned, unused sick leave hours, he/she shall be paid the equivalent of a specified percent of his/her hourly rate of pay at the time of retirement, termination or death, whichever comes first, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her retirement or death.

Less than 400 hours: Hours accumulated x 50% of final hourly rate

or, 400 – 799 hours: Hours accumulated x 60%  
of final hourly rate

or, 800 – 1200 hours: Hours accumulated x 75%  
of final hourly rate.

31.2.5.2 If a full-time employee at the time of his/her service retirement has between 800 and 1,200 hours of unused sick leave, at the employee's request he/she shall be paid hours accumulated X 80% of final hourly rate.



31.2.5.3 If a full-time employee at the time of his/her service retirement or upon the employee's death has 1,200 hours or greater of earned unused sick leave, he/she, or his/her estate, shall be paid a sum of money equal to 100% percent of his/her hourly rate at the time of his/her death or service retirement, whichever is earlier, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her death or retirement. If, after retirement, the employee switches from service to disability retirement, the employee shall repay to the City the difference in sick leave payout between service and disability retirement (e.g. 100% service, 75% disability).

31.2.5.3.1 An employee who, at the time of his/her retirement, qualifies for benefits in the 800 to 1,200 hour category as provided in subsections 31.2.4.1 and 31.2.4.2 above, shall be credited, for insurance purposes only, with a value equal to twenty-five (25%) percent of his/her hourly rate of pay for those individuals in the seventy-five (75%) percent payment category or a value equal to twenty (20%) percent of his/her hourly rate of pay for those individuals in the eighty (80%) percent payment category at the time of his/her retirement or termination, whichever is earlier, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her retirement, or by 1,200 hours, whichever is less. The City shall pay the cost of health and/or dental insurance premium, for the type of coverage specified by the employee, for the employee or for the employee and his/her dependents under one of the health and/or dental insurance plans available at the time to regular full-time City employees, until such time as the total amount of such payments equals the total amount credited to such employee hereunder, or until the death of such employee, whichever is earlier.

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### 31.2.6 Payment for Accrued Sick Time

Pursuant to 31.2.5, Upon retirement (Service or Service Connected Disability) an officer shall receive a lump sum cash payment for the total amount of accrued sick time hours.

### 31.2.7 Death of Terminated Employee

The estate of any full-time employee who had terminated service with the City in good standing but had retained vesting rights in a retirement system according to the provisions in the San Jose Municipal Code and dies (on or after July 10, 1977) prior to becoming eligible for retirement allowances as cited under provisions of the San Jose Municipal Code and has at the time of death credit for at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

For purposes of determining the total number of accumulated and unused hours of sick leave of a full-time employee at the time of his/her retirement or death, unused sick leave from prior periods of employment with the City shall be used. Such previously accumulated sick leave shall be credited to the employee for use during an employee's current employment period.